



MARTIN BUSS

Dec. 13, 1988

TO: G. C. Bible

RE: 1992 - Tax harmonization

Attached is the piece of EEC law which relates to a note you made on June 6, 1988 in Madrid and which you gave to me. I quote it in it's entirety.

"The point I fail to see is that ICS says under the Harmonisation Law a buyer of cigarettes HAS THE RIGHT TO (BUY +) SELL CIGARETTES AT WHATEVER PRICE HE WANTS. Ad valorem is impossible, it must be SPECIFIC. If this is so then ICS is right and ad valorem just can't work. But why doesn't the Commission see this? Ask Ian to send me the para establishing this as illegal."

You need to refer to Article 5. Having read it, I have to say that I find the paragraphs a little ambiguous but I'm no lawyer. I talked to ICS and MH about the article and ICS was adamant that they entirely ruled out ad valorem.

Martin
13/12/88

cc Lee Pollak

RECEIVED
DEC 14 1988
L.P.

2500045434